

THE DIRECTOR OF CENTRAL INTELLIGENCE

WASHINGTON, D.C. 20505

NIC #01429-84
5 March 1984

National Intelligence Council

MEMORANDUM FOR: Director of Central Intelligence
Deputy Director of Central Intelligence

VIA: Herbert Meyer
Vice Chairman, National Intelligence Council

Chairman, National Intelligence Council

FROM: Maurice C. Ernst
National Intelligence Officer for Economics

SUBJECT: Iran's Threat to Persian Gulf Oil Supplies

1. I am becoming increasingly worried about the severity of Iran's threat to Persian Gulf oil supplies. Attention has been focused on the possibility that Iran might try to close the Straits of Hormuz by conventional means--by using warships, mines, and aircraft. The Navy evidently believes, no doubt correctly, that it could defeat this threat and reopen the Straits. But I cannot determine whether anyone has addressed in any systematic way Iran's capability to make the Straits, and other parts of the Gulf, unsafe for oil tankers for a long period of time, in spite of a US Navy presence. Although this problem has no doubt been addressed in staff planning at many levels of the US military, I am not aware that it has been faced up to at the top policy levels in Washington. Nor has it been explicitly defined in Intelligence Community products.

2. Iranian conventional military capabilities against targets in the Persian Gulf are clearly quite small. Iran has few modern aircraft in operating condition and only a small number of warships. They would no doubt be quickly defeated in any conventional conflict with a US or allied taskforce. It also seems unlikely that the Iranians could do an effective job of mining the Straits. Unconventional attacks against tankers, however, do not require much military capability. Presumably, they could involve kamikaze attacks by small aircraft or motorboats loaded with explosives. There may be other techniques no one has thought of. The point is that such attacks would be extremely difficult to prevent. Convoying of tankers could conceivably guard against this threat, but might require many times more ships than are now available. We see no indication that this threat has been assessed at high levels of the US Government, or

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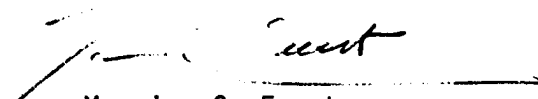
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that contingency planning against it has been undertaken. The key military issue appears to have been how we could reopen the Straits, not what we might do afterwards if the Iranians continue fighting. Even with very limited capabilities, it seems unlikely that Iran would throw in the towel just because the US had intervened. In contrast to Iraq, which may not be able to stop Iranian oil exports because of its unwillingness to take losses, Iran appears to have the determination to carry out its threats. If the Iranians succeeded in sinking a couple of large oil tankers and expressed determination to continue such attacks, it is unlikely that other tankers would enter the Gulf.

3. The Intelligence Community is aware of this problem but has not addressed it explicitly. The SNIE produced last October on the Persian Gulf addressed the possibility that the Iranians might block the Straits but did not assess Iran's capabilities once the US Navy had reopened it. It has been difficult to address this issue without getting into a net assessment. I have discussed my concerns with Graham Fuller, Ted Atkeson, Dave Whipple, [redacted] and all agree that there is a problem. We recommend that:

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- o You raise these concerns with Secretaries Shultz and Weinberger and with Robert McFarlane, Assistant to the President for National Security Affairs.
- o A paper be prepared to provide a full assessment of the Iranian threat to Persian Gulf oil supplies. This paper should draw on work presumably already done by the Navy and should involve the several NIOs, offices, and agencies concerned. We are trying to determine whether it could be most effectively and expeditiously handled as a SNIE, an IIA, a Warning Memorandum, or in some other way.


Maurice C. Ernst

APPROVED:

Director of Central Intelligence

Date

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